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TOWARD A NATIONAL FOOD POLICY

The story of food is a story of extremes.

The scenario goes like this:

Drought and disaster -- food shortages -- high farm prices and  
high food prices -- widespread hunger and malnutrition throughout the world.

Or:

Good weather -- surpluses -- food glut -- dwindling exports -- low  
farm prices but still high food prices -- and continuing worldwide hunger.

The whole story of food defies all logic. But then, weather has  
always defied logic and weather is the decisive factor in food production.  
No amount of legislation -- economic fine-tuning -- administrative decisions  
can cope with the vagaries of weather. Not yet, at least.

But what about the other factors in our food picture?

As Winston Churchill once said: "Any problem made by man can be  
solved by man."

Boom-bust price cycles -- commodity markets -- economic policies --  
food distribution programs, domestic and foreign -- all of these are man-made  
creations and while we cannot fool with Mother Nature or even second-guess  
her, logic tells us that in our collective wisdom we should be able to  
establish a semblance of stability and predictability in the whole food  
production-distribution-consumption process. It is not only essential that  
we do so -- it is today's urgent challenge.

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Remarks of Secretary of Agriculture Bob Bergland before the Alf Landon  
Lectures at Kansas State University, Friday, September 9, 1977

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What is needed, of course, is a national food policy.

The time is long past when we can afford to tinker with this massive and complicated problem on a piecemeal basis. The food problem is much more than a farm problem. It is much more than a local or even national problem -- it is international in scope.

A national food policy is not a new concept. It is at least 3,000 years old -- going back to the days of Joseph when he persuaded the people of Egypt to store their grain in the seven fat years of harvest so they could eat in the seven lean years.

A primitive concept? Yes. But a very basic one.

The difficulty in grasping the whole implications of a national and international food policy today -- to say nothing of establishing one -- stems from the magnitude of the problem. It literally boggles the mind.

So, let us briefly examine the problem by breaking it down to its major components.

#### Production:

The land and the farmer -- that's where the whole food system chain starts. This and the ultimate consumption of food are the two most important links in the food chain. A sound national food policy must start with the farmer. If not, the whole concept breaks down.

To maintain a high level of food production to meet our domestic needs and our foreign obligations requires that farmers be reasonably assured of the economic capability to do so. It's as simple as that.

To achieve this objective is not so simple -- as we all know.

The failures and inadequacies of past farm programs are responsible for a general resistance and skepticism of the necessity and efficacy of such programs by consumers, labor, business and even farmers themselves.

Part of this skepticism is justified because of the failure to mesh farm programs into a total national food policy. We treated low farm prices, high farm prices, shortages, surpluses and all the rest as single isolated problems.

Now we know differently. The perennial, plaguing problems that beset our agricultural plant we casually dismissed, both politically and economically as the so-called "farm problem" -- but really, it is a problem of national concern with international consequences.

Over the past 40 years of farm programs we have tried just about everything: rigid price supports tied to the parity concept -- ever-normal granary -- acreage allotments -- soil banks -- government storage programs where the Commodity Credit Corporation became the real market for farm produce -- domestic food programs geared solely to alleviating surpluses not to better national nutrition -- and international food aid programs that amounted to nothing more than international charity programs and practically no farm export or foreign markets development programs worth the name.

All were well-intentioned. All were found inadequate.

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In more recent years, we even returned to the old laissez faire, free market farm policies. It was an exciting primrose path -- while it lasted. But it was a path that led to broken dreams because it was based on the unrealistic hope that American farmers would be forever blessed with good weather while the rest of the world were victims of drought and other natural disasters.

Three dollar corn, \$6 wheat and \$12 soybeans -- unleashed an unlimited fence-to-fence farm production and unprecedented farm exports -- lulled farmers and the nation into the false belief that this was a state of normalcy. Free, unfettered enterprise is still a sacrosanct concept in our economic culture. But when applied to the total food chain problem, it is, at best a nice sounding bit of rhetoric -- a simple placebo answer to a highly complex problem.

As far as food production is concerned within the total framework of a national food policy -- we must find a middle ground where basic market forces can still work with a minimum of federal interference.

Neither farmers nor consumers -- neither this nation nor the world -- can afford to rely solely on the caprice of weather and a free-wheeling commodity market as the only determinants of a national food policy.

#### Farm Prices -- Food Prices

Logic would lead one to expect that there would be a close and direct relationship between farm prices and food prices. The correlation is scant -- often nonexistent.

To illustrate: In 1952 the price of good hard milling wheat on the Minneapolis and Kansas City markets was around \$3 a bushel. Bread sold for around 20 cents a loaf. The farmer's share of that loaf of bread was between 7 and 8 cents.

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Today -- 25 years later -- wheat on the same market sells for two dollars and less -- bread is 45 to 55 cents a loaf and the farmer's share is a little over 3 cents.

Bread today is selling at even higher prices with \$2 wheat than it was when wheat brought \$5.50 a bushel in 1974.

This is the nub of the farmer-consumer price spread problem. For farmers what comes up in the way of prices must always and ultimately come down. For the consumer, it's an entirely different story -- what goes up, remains up or goes even higher.

Who's the villian in this illogical price discrepancy? The answer is everyone and no one.

Traditionally, where the finger of blame was pointed depended on who was doing the pointing.

Consumers, as a group, used to blame farmers and farm programs. They also accused food handlers, processors, and food retailers for excessive rip-offs. Farmers blamed consumers for not understanding their problems and their failure to support needed programs. Farmers accused organized labor and business for high cost of production.

And so it went.

Everyone viewed the food problem from their own narrow frame of reference.

Barring a national economic policy of stringent price-wage-profit controls -- which no one wants -- the alternative is to provide a national policy to bring stability to those forces that are controllable.

-- We can -- and we should -- provide farmers with reasonable price assurances -- not guaranteed profits -- to keep our agricultural plant a viable economic industry that is capable of sustained high production, year in and year out. Such a price supporting program should be geared to out-of-pocket production costs plus reasonable return on land investment. The new program would set that return at between 3 and 4 percent. Any higher would invite a new round of highly inflated farm land costs out of reach to the young farmer, the average farmer and available only to the speculator and the very large established operator.

-- We can -- and we should -- provide the mechanism to establish a farmer-owned food reserve of storable commodities through a loan program and other devices. This will accomplish three necessary objectives: help level out the disastrous boom-bust price cycles for farmers; maintain adequate reserves of food for consumers in bad crop years as well as good and help stabilize food prices; and, thirdly, keep us competitive as dependable suppliers in the all-important and vital export markets.

-- We can -- and we should -- meet all our commitments to raise the food standards at home through our reformed food stamp and other food distribution programs and fulfill our obligations in the expanded Food for Peace and foreign market development programs. Food today is our one most effective instrument to achieve world understanding and eventual enduring peace. This is an exciting prospect and an exciting responsibility.

#### International Food Programs

Before 1972, the importance of agricultural exports to the U.S. farmer was often disregarded. Today, it is axiomatic that farm product exports are essential to farm prosperity and to the national economy.



We have learned this lesson well, and at times the learning was painful. But we have survived those ups and downs, and are today doing quite well in the export trade. In fact, better than ever.

In fiscal year 1976, we exported the production of almost one out of every three harvested acres -- about 100 million acres. For some farmers, the ratio is even higher. Today, nearly one out of every four dollars earned by the American farmer comes from overseas sales.

Unfortunately such success sometimes breeds overexpectation and overreaction. It could be argued that international trade and food aid have become too conspicuous as a part of the agricultural scene. Low prices in one commodity or other are attributed to increased imports or a decline in exports. The Federal government is somehow involved in international trade. Hence, the Federal government is responsible for the problem. Sometimes, unfortunately, this has been true.

But international trade is far more complex than that. A good rain at the right time -- or bad weather in any major producing area of the world -- may have more effect on world supplies and prices than all the government policies in the world laid end to end.

We are currently concerned over low wheat prices -- and current wheat prices are undeniably linked to world markets. We should, however, keep reminding ourselves that, on the whole, we are doing extremely well in world trade. There are only one or two exceptions; these are important, of course, and must be dealt with. But the fact is that, on the whole, we are looking at another record export year.

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Last fiscal year, U.S. farm exports were valued at \$23 billion. With farm imports valued at \$10.5 billion, agricultural trade contributed a net surplus of more than \$12 billion to our balance of trade. With the costs of imported oil mounting, the contribution of U.S. farm exports to the national balance of trade is increasingly important.

In order to protect farmer income without sacrificing markets we are supporting a target price concept to assure stable incomes in a time of increasing supplies, as we now have in wheat. At the same time, we are negotiating with other governments to assure, among other things, that in both times of excess supply and crop shortfall, other nations will share in the cost and the obligation to stabilize world trade and insure the world's importing nations enough to meet their needs.

As we move on these various fronts, we should avoid being led into bad policies which will compound the problem, such as excessively high support prices and export subsidies. Annually, we are doing very well in the export business, and we must continue and build on this success. We recognize the current exceptions to this success. We recognize the importance of those exceptions. We are acting to correct the instabilities that have contributed so much to the current problems of grain producers.

A national food policy of this scope is not only economically sound and right -- it is ethically and morally right, as well -- and that is an ultimate achievement of any national policy, when both are served.

It would be immoral to permit our farm family system of agriculture to be weakened and fall into disarray. It would be economically disastrous to the whole nation.

It would be morally wrong to disregard the nutritional needs of millions of poverty-level American families or to ignore the hunger of a half-billion people throughout the world who live at the razor's edge of existence. It is in our own economic best interest to join the rest of the food surplus nations in this worldwide effort because peace and stability are at stake.

Our food, in my judgment, will be a major component -- if not the centerpiece -- in President Carter's commitment to human rights worldwide. By fulfilling this commitment we have everything to gain -- and nothing to lose.

The farm program which we will soon have -- laboriously and painstakingly put together by Congress and this Administration with support of farm and consumer groups -- is a good program -- it is a sound program -- and it marks the first major step this nation has taken toward a national food policy. No one contends that it is the final, end-all do-all answer to ours or the world's food problems. But it is a program that provides a good base to maintain a strong American agriculture -- a healthy, well-fed nation -- and one that will help us fulfill our responsibilities to the rest of the world.

Thank you.

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